# GOVERNMENT OF INDIA
# COMMUNICATIONS
# LOK SABHA

UNSTARRED QUESTION NO:3857
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Predatory Pricing and Tariffs
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**Will the Minister of COMMUNICATIONS be pleased to state:**

(a) whether many Telecom Service Providers (TSPs) are luring customers by resorting to predatory pricing and illegal tariffs and restricting customers from shifting from one TSP to another and if so, the details thereof and the steps taken by the Government in this regard;

(b) whether the Government proposes to lay down any predatory pricing and tariff rules to bring transparency in tariff assessment of these TSPs and if so, the details thereof and if not, the reasons therefor;

(c) whether the revenues of these TSPs are reportedly declining leading to the accumulated debt of around Rs. 4,60,000 crore on account of such predatory pricing and if so, the details thereof along with the likely impacts thereof; and

(d) the steps taken by the Government in this regard?

## Answer

THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)

(a) Section 11(2) of the Telecom Regulatory Authority of India (TRAI) Act, 1997 provides that "the Authority may, from time to time, by order, notify in the Official Gazette the rates at which the telecommunication services within India and outside India shall be provided under this Act including the rates at which messages shall be transmitted to any country outside India". In accordance with the said powers, TRAI has issued tariff orders from time to time. As per the existing tariff framework, tariff for telecommunication access service is under forbearance except for National Roaming and Rural Fixed Line Services. TSPs have flexibility to design their products to suit consumer demand and fix tariffs for these products. There is no bar on Telecom Service Providers in offering special tariff for valid class of subscribers as part of Loyalty/Customer retention schemes. Luring the customers by adopting illegal offers has not been noticed by Telecom Regulatory Authority of India (TRAI). The allegations of predatory pricing were investigated by TRAI and it was found no merit in any of the allegations.

(b) In order to identify and address the various emergent issues and challenges, inter-alia, related to regulatory principles of tariff assessment e.g. transparency, promotional offers, disclosures and non-discrimination, adherence to the principle of non-predatory pricing, meaning of predatory pricing, relevant market, assessment of dominant position etc., Telecom Regulatory Authority of India (TRAI) has initiated a consultation process by releasing a consultation paper on "Regulatory Principles of Tariff Assessment" on 17th February, 2017. The consultation process in TRAI, typically, takes about 6 to 8 months to conclude and TRAI issues its order/ direction/ regulation after conclusion of the consultation process.
(c) to (d) The details of quarter-wise revenue figures for the financial year 2016-17 is as below:
First Quarter (April - June 2016) : Rupees 60838.9 Crore
Second Quarter (July - September 2016) : Rupees 60862.2 Crore
Third Quarter (October - December 2016) : Rupees 53998.4 Crore
Fourth Quarter (January - March 2017) : Rupees 35926.6 Crore

From the above, it is seen that the revenues have declined from Rupees 60838.9 crore in first quarter to Rupees 35926.6 crore in fourth quarter.
Further, as per information from State Bank of India, Telecom industry owes about Rupees 6.10475 lakh crore to various financial institutions and banks, which includes Rupees 5.87663 lakh crore debt liabilities of Telecom Service Providers and Rupees 0.22812 lakh crore debt liabilities of Telecom Tower Companies. However, the linkage of predatory pricing with the above debt has not been established so far.
In order to examine systemic issues affecting viability and repayment capacity in telecom sector and furnish recommendations for resolution of stressed assets at the earliest as well as for policy reforms and strategic interventions for telecom sector, an Inter-Ministerial Group (IMG) has been constituted on 16th May, 2017. The IMG is seized of the matter.
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